

BOARD OF DIRECTORS AND GENERAL INFORMATION

Board of Directors

Rajesh Batra : *Chairman*
 N. R. Mahalingam
 Arjun Bulchandani
 H. K. Vakharia
 S. D. Israni
 Nabankur Gupta
 Rajiv Wallia : *Executive Director*

Bankers

Axis Bank Limited

Company Secretary

Kuldeep R. Sharma

Auditors

Messrs S. P. Chopra & Co.
Chartered Accountants
 15/A, Horniman Circle,
 Mumbai - 400 001.

Registered Office

Sahas, 4th Floor,
 414/2, Veer Savarkar Marg,
 Prabhadevi, Mumbai - 400 025.

Registrars & Share Transfer Agents

M/s. Sharepro Services (India) Pvt. Ltd.

Registered Office:

13 AB, Samhita Warehousing Complex,
 2nd Floor, Sakinaka Telephone Exchange Lane,
 Off Andheri Kurla Road, Sakinaka,
 Andheri (E), Mumbai - 400 072.

Investor Relation Centre:

912, Raheja Centre,
 Free Press Journal Road, Nariman Point,
 Mumbai - 400 021.

1. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
2. Please address all correspondence regarding share transfer work to the Registrars and Share Transfer Agents and not to the Company's Registered Office.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE

NOTICE is hereby given that the Fifty-eighth Annual General Meeting of the Members of **CRAVATEX LIMITED** will be held on Friday, July 16, 2010 at 10.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai-400 025, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and Profit and Loss account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Dr. S.D. Israni who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arjun Bulchandani who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the retiring Auditors M/s. S. P. Chopra & Co. (Registration No. 101911W), Chartered Accountants, being eligible for re-appointment, be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors.”

6. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 228 of the Companies Act, 1956, the accounts of the Company for the year ending March 31, 2011 in respect of the branch of the Company at Bangalore, be audited by M/s. M. R. Jayaprakash & Associates (Registration No. 007319S), Chartered Accountants, on such terms and conditions as may be decided by the Board of Directors.”

By Order of the Board of Directors

Kuldeep R. Sharma
Company Secretary and
Head – Legal & IT

Place : Mumbai
Dated : May 17, 2010

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 9, 2010 to Friday, July 16, 2010, both days inclusive.

NOTICE OF ANNUAL GENERAL MEETING

3. Members are requested to notify immediately any change in their Registered Address to the Registrars and Share Transfer Agents of the Company quoting their Folio Numbers/Client IDs.
4. Pursuant to the provisions of sub-section (5) of Section 205A of the Companies Act, 1956, any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government.

All unclaimed dividends upto financial year ended March 31, 1994 have been transferred to the General Revenue Account and unclaimed dividends upto the financial year ended March 31, 2002 have been transferred to Investor Education and Protection Fund of the Central Government in terms of Section 205A of the Companies Act, 1956.

Unclaimed dividends for the financial year ended March 31, 2003 shall be transferred to the Investor Education and Protection Fund in accordance with the provisions applicable therefor.

Those members who have so far not encashed the dividend(s) from the year ended March 31, 2003, till the year ended March 31, 2009 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.

5. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares singly are advised to avail of nomination facility by filing Form 2B in their own interest. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
6. The bank account particulars of the members will be printed on the dividend warrants. In respect of shares held in physical form, the bank account particulars should be sent to the Registrar & Share Transfer Agents of the Company.

Members holding shares in demat form must give particulars of their bank account to their Depository Participant. The Registrar & Share Transfer Agents of the Company will not act on any such request received from the members for change in their bank account particulars. Further, instruction given by members for shares held in physical form would not be applicable to the dividend paid on shares also held in demat form.

7. Payment of Dividend through ECS:
 - (a) Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by July 8, 2010 to the Registrar & Share Transfer Agents of the Company
 - (b) Members holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participants.
8. Members desiring any specific information as regards the Accounts at the Annual General Meeting are requested to write to the Company sufficiently in advance enabling the management to keep the information ready.

By Order of the Board of Directors

Kuldeep R. Sharma
Company Secretary and
Head – Legal & IT

Place : Mumbai
Dated : May 17, 2010

REPORT OF THE BOARD OF DIRECTORS**DIRECTORS' REPORT****To The Members of Cravatex Limited**

Your Directors present the Audited Balance Sheet and Profit and Loss Account of the Company together with their Report for the year ended March 31, 2010.

FINANCIAL RESULTS

	Current Year Rupees	Previous Year Rupees
Earnings before Interest, Depreciation and Taxation	8,60,79,848	4,76,35,033
Less: Interest	85,49,020	1,23,77,069
Less: Depreciation	72,70,231	86,12,523
Leaving a Profit before Taxation	7,02,60,597	2,66,45,441
Provision for Taxation:		
Current Tax	(2,17,00,000)	(70,00,000)
Fringe Benefit Tax	—	(9,00,000)
Deferred Tax Credit/(Debit)	(3,42,317)	(3,86,950)
(Short)/Excess Provision for Earlier Years	(1,13,26,632)	1,12,868
Profit after Current Taxation	3,68,91,648	1,84,71,359
Adding thereto:		
Brought forward from Previous Year	2,51,55,194	1,69,74,905
Available for Appropriation	6,20,46,842	3,54,46,264
Less Appropriations:		
Provision for Proposed Dividend	58,14,360	45,22,280
Provision for Tax on Proposed Dividend	9,88,150	7,68,790
General Reserve	3,00,00,000	50,00,000
Balance to be carried forward	2,52,44,332	2,51,55,194

OPERATIONS

The turnover of the Company for the year under review has increased from Rs.4,424 lacs to Rs.5,845 lacs while the earnings before interest, depreciation and taxation stood at Rs.861 lacs as against Rs.476 lacs in last year. The Net Profit before tax for the year increased from Rs.266 lacs to Rs.703 lacs. The balance carried forward to Balance Sheet is Rs.252 lacs.

DIVIDEND

The Directors are pleased to recommend enhanced dividend of Rs.4.50 per equity share (previous year Rs.3.50 per equity share) on the nominal value of Rs.10/- per equity share for the year under review, which would be tax-free in the hands of shareholders. The Dividend, if approved by the shareholders at the Annual General Meeting, will absorb Rs.58,14,360.

DEPOSITS

The total Unsecured Loans and Deposits stood at Rs.2,44,00,000/- as on March 31, 2010 and there were no unclaimed deposits as on that date. The Company has repaid all the Deposits on due dates.

REPORT OF THE BOARD OF DIRECTORS**ASSETS**

The fixed assets of the Company have been adequately insured.

DIRECTORS

Dr. S.D. Israni and Mr. Arjun Bulchandani are retiring by rotation and, being eligible, offer themselves for re-appointment.

DEMATERIALISATION OF COMPANY'S SHARES

Of the Company's total shareholding, 7,95,468 shares were held in dematerialised mode by the shareholders of the Company of which 7,18,851 shares were under National Securities Depository Limited (NSDL) and balance 76,617 shares under Central Depository Services (I) Limited (CDSL) as on March 31, 2010.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- (i) in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Annual Accounts on a going concern basis.

INFORMATION UNDER SECTION 292A(1) OF THE COMPANIES ACT, 1956 AND CLAUSE 49 OF THE LISTING AGREEMENT

Since the paid-up share capital of the Company is Rs.1.29 Crore, the provisions of Section 292A(1) of the Companies Act, 1956 and Clause 49 of the Listing Agreement relating to constitution of Audit Committee and Corporate Governance respectively, are not applicable to the Company. However, the directors furnish the following relevant information for the benefit of the shareholders:

(A) Management Discussion and Analysis Report***Economy And Business Environment:***

The Reserve Bank had projected the real GDP growth for 2009-10 at 7.5 per cent. The advance estimates released by the Central Statistical Organisation (CSO) in early February 2010 placed the real GDP growth during 2009-10 at 7.2 per cent.

The uptrend in industrial activity continues. The index of industrial production (IIP) recorded a growth of 16.7 per cent. The recovery has also become more broad-based with 14 out of 17 industry groups recording accelerated growth during April 2009-February 2010. The sharp pickup in the growth of the capital goods sector, in double digits since September 2009, points to the revival of investment activity. After a continuous decline for eleven months, imports expanded by 66.4 by end of 2010. The acceleration in non-oil imports since November 2009 further evidences recovery in domestic demand.

REPORT OF THE BOARD OF DIRECTORS

After contracting for twelve straight months, exports have turned around reflecting revival of external demand. Various lead indicators of service sector activity also suggest increased economic activity. On the whole, the economic recovery, which began around the second quarter of 2009-10, has since shown sustained improvement

A sharp recovery of growth during 2009-10 despite the worst south-west monsoon since 1972 attests to the resilience of the Indian economy. The monetary and fiscal stimulus measures initiated in the wake of the global financial crisis played an important role, first in mitigating the adverse impact from contagion and then in ensuring that the economy recovered quickly.

Health & Fitness and Sports & Footwear business:

The Company currently has a network of 51 exclusive Fitness Showrooms across India, after having closed a few non-performing stores and opening some new stores.

The Company, through its network of above Showrooms and Dealers, continued to provide complete solutions for customers including layout planning, selection from range of equipments & installation, backed by unmatched nationwide service support.

The Company continues to supply fitness equipments to all consumers including Health Clubs, Gyms, Corporates, Hotels, Resorts, Housing Societies etc.

The sports and footwear distribution performed as per business plan for the year.

(B) Report on Corporate Governance

1. Board of Directors

(a) Composition/Category of Directors

Directors	Category	Board Meetings		Last AGM Attended	No. of Other Directorships	Member of Committees
		Held	Attended			
Mr. Rajesh Batra	Promoter	4	4	Yes	4	4
Mr. Arjun Bulchandani	Independent Non-executive	4	4	Yes	None	None
Mr. H. K. Vakharia	Independent Non-executive	4	3	Yes	None	None
Mr. N. R. Mahalingam	Independent Non-executive	4	4	Yes	1	3
Dr. S. D. Israni	Independent Non-executive	4	3	Yes	2	5
Mr. Nabankur Gupta	Independent Non-executive	4	3	Yes	10	8
Mr. Rajiv Wallia	Executive	4	3	Yes	None	None

REPORT OF THE BOARD OF DIRECTORS

(b) Details of Remuneration

- (i) The details of sitting fees paid to the Directors during the financial year 2009-10 are given below :

Name	No. of Meetings Attended	Sitting Fees (Rs)
Mr. Rajesh Batra	4	40,000
Mr. Arjun Bulchandani	4	40,000
Mr. H.K. Vakharia	3	30,000
Mr. N.R. Mahalingam	4	40,000
Dr. S.D. Israni	3	30,000
Mr. Nabankur Gupta	3	30,000
Mr. Rajiv Wallia	3	NIL

(c) Number of Board Meetings held during the year 2009-10

The Company held four Board Meetings during the year ended March 31, 2010. These were on June 3, 2009, July 17, 2009, October 23, 2009 and January 27, 2010.

2. Board Committes

The Board has constituted following Committees of Directors:

(A) Share Transfer Committee

(a) Composition

The Share Transfer Committee consists of the following Directors:

- (1) Mr. Rajesh Batra, (2) Mr. Arjun Bulchandani, (3) Mr. N.R. Mahalingam and (4) Mr. Rajiv Wallia

Broad terms of reference of the Share Transfer Committee include approve and register transfers and/or transmission of Equity Shares of the Company.

(b) Number of Share Transfer Meetings held & Details of Remuneration paid during the financial year 2009-10

The Company held 7 Share Transfer Committee Meetings in the Financial Year 2009 – 10. However, the Members of the Share Transfer Committee are not entitled to remuneration and accordingly, no remuneration has been paid to any of its Members.

(B) Remuneration Committee

(a) Composition

The Remuneration Committee consists of the following Non-executive Independent Directors:

- (1) Mr. N.R. Mahalingam, (2) Mr. Nabankur Gupta and (3) Dr. S.D. Israni

Broad terms of reference of the Remuneration Committee include determining the remuneration package of Company's Managerial Personnel.

(b) Number of Remuneration Committee Meetings held & Details of Remuneration paid during the financial year 2009-10

The Remuneration Committee did not hold any Meeting in the Financial Year 2009-10 and accordingly, no remuneration has been paid to any of its Members.

REPORT OF THE BOARD OF DIRECTORS

(C) Selection Committee

(a) Composition

The Selection Committee consists of the following Non-executive Independent Directors:

(1) Mr. N.R. Mahalingam, (2) Mr. Nabankur Gupta and (3) Dr. S.D. Israni

Broad terms of reference of the Selection Committee include selection of a relative of Director for holding an office or place of profit in the Company

(b) Number of Selection Committee Meetings held & Details of Remuneration paid during the financial year 2009-10

The Selection Committee did not hold any Meeting in the Financial Year 2009 – 10 and accordingly, no remuneration has been paid to any of its Members.

3. Details in respect of last three General Body Meetings

(a) Location and time where last three AGMs were held :

	I (AGM)	II (AGM)	III (AGM)
Date	: 17/07/2009	25/07/2008	27/07/2007
Venue	: Textiles Committee P. Balu Road Prabhadevi Chowk, Prabhadevi Mumbai-400 025	Textiles Committee P. Balu Road Prabhadevi Chowk, Prabhadevi Mumbai-400 025	Textiles Committee P. Balu Road Prabhadevi Chowk, Prabhadevi Mumbai-400 025
Time	: 10.30 a.m.	10.30 a.m.	10.00 a.m.

(b) Whether any Special Resolutions were passed in the previous three AGMs? : Yes

(c) Whether any Special Resolutions were passed last year through postal ballot – Details of voting pattern. : No

(d) Whether any Special Resolution is proposed to be conducted through postal ballot this year? : No

4. Subsidiaries

The Company does not have any Subsidiary.

5. Means of Communication

Company's Financial Results:

Company's Financial results are normally published in Business Standard (in English) and in Sakal (in Marathi).

Report on Management Discussion & Analysis:

Relevant information by means of Management Discussion and Analysis forms part of the Annual Report.

6. General Shareholder Information

(a) Annual General Meeting will be held on Friday, July 16, 2010 at 10.30 a.m. at Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai-400 025.

REPORT OF THE BOARD OF DIRECTORS

(b) Financial Year:

Annual General Meeting : Friday, July 16, 2010
 Results for quarter ending June 30, 2010 : Second week of August, 2010
 Results for quarter ending September 30, 2010 : Second week of November, 2010
 Results for quarter ending December 31, 2010 : Second week of February, 2011
 Results for the year ending March 31, 2011 : Before May 30, 2011

(c) Date of Book Closure

: Friday, July 9, 2010
 to
 Friday, July 16, 2010
 (both days inclusive)

(d) Dividend Payment Date : Before August 14, 2010

(e) Listing on Stock Exchange : Company's shares are listed on Bombay Stock Exchange.

(f) Stock Code : 509472

SYMBOL : CRAVATEX

Demat ISIN : INE145E01017

(g) Market Price Data

(during Last Financial Year) : High : Rs. 250.00 (12/03/2010)
 Low : Rs. 51.00 (15/05/2009)

(h) Registrars & Share Transfer Agents:

M/s. Sharepro Services (India) Pvt. Ltd.

Registered Office:

13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane,
 Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072.
 Tel. Nos. 022-67720300, 67720400 and 67720403,
 Fax Nos. 022-67720416, 28591568, 28508927.
 Email: sharepro@shareproservices.com

Investor Relation Centre:

912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021,
 Tel. No. 022-2288 1469, 6613 4700, Fax No. 022-2282 5484. Email: ravi@shareproservices.com

(i) Share Transfer System:

Presently, the share transfers received in physical form are processed and share certificates are returned within a period of 20-25 days from the date of receipt, subject to the transfer instruments being valid and complete in all respects. The Company has also offered the facility of transfer cum demat as per SEBI guidelines.

REPORT OF THE BOARD OF DIRECTORS

(j) Distribution of Shareholding as on March 31, 2010:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 500	2,011	96.451	1,29,824	10.048
501 to 1000	31	1.487	23,018	1.781
1001 to 2000	14	0.671	21,254	1.645
2001 to 3000	3	0.144	7,720	0.597
3001 to 4000	4	0.192	14,240	1.102
4001 to 5000	3	0.144	13,500	1.045
5001 to 10000	5	0.240	37,703	2.918
10001 and above	14	0.671	10,44,821	80.863
Total	2,085	100.00	12,92,080	100.00

Shareholding Pattern as on March 31, 2010

Category	No. of Shares	%
Promoters	9,69,060	75.00
Banks	0	0.00
Bodies Corporate (Other)	11,116	0.86
NRI*	176	0.01
Public	3,11,728	24.13
Total	12,92,080	100.00

*Total Foreign shareholding in the company is 39,296 (3.03%) of which 39,120 (3.02%) is included in Indian Promoters.

(k) Dematerialisation of shares and liquidity

Approximately 61.56% of the total shareholding of the Company has been dematerialised as on March 31, 2010 out of which 55.63% of shares are dematerialised under National Securities Depository Limited (NSDL) and 5.93 % shares under Central Depository Services (I) Limited (CDSL).

(l) Address for Correspondence:

Sahas, 4th Floor, 414/2, Veer Savarkar Marg, Prabhadevi, Mumbai-400 025

E-mail : investors@cravatex.com, Tel. No. : 022-6666 7474, Fax No. : 022-2431 3210

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure I to this Report.